by the capital receipts accruing from the scheme. It is expected that the survey and registry of the lands now under occupation would bring in a capital revenue of about Rs 10 lakhs as *tharavila*, besides a recurring assessment of about Rs 40,000 per annum and about Rs 2 lakhs under arrears of assessment.

45. *Railways* :- The capital at charge for the Quilon-Trivandrum Railway at the close of the year ending 30th September 1936 was Bh. Rs 53·58 lakhs. A provision of Rs 44,100 has been made for capital works during 1113. The total capital expenditure on the Chackay-Thampanoor Railway Extension at the close of 1112 will stand at Rs 28·04 lakhs. The budget estimate for 1113 provides for a sum of Rs 31,300 mainly to meet payments on account of land acquisition charges anticipated to be decreed by the courts. The South Indian Railway Administration is now working the Extension as a part of the Travancore Railway. The agreement between the Secretary of State and this Government for the working of this branch has not yet been drawn up pending settlement of certain details. The question is now under consideration.

The working of the railway entailed a loss of Bh. Rs 69,652 for the year ending 31st March 1937 representing the deficit in the interest guaranteed by the Government. The receipts from the railway are expected to be better in 1113 as there has been some increase in railway earnings throughout India. Nevertheless, a sum of Rs 50,000 has been provided for 1113 also, as the probable loss to be met by Government. I may mention here that the Government of India have accepted our contention that the loss in the working of the Travancore Railway should be apportioned between the Government of India and this Government in proportion to the Capital outlay incurred on British and Indian State Sections of the Tinnevelly-Quilon line alone, excluding the outlay on the extension to Trivandrum which was financed by this State.

The Government of India have also agreed to the association of an officer of this Government with the Government Examiner of Accounts at Trichinopoly for the audit of the accounts of the Travancore railway. A lump sum provision of Rs 3,000 has been made in the budget under the Revenue head, " General Administration—Financial Secretariat ", for this purpose.

COMMERCIAL UNDERTAKINGS.

46. *Pallivasal Hydro-Electric Project.*—The progress anticipated last year in regard to this project has not been realised due to some difficulties encountered during construction with regard to the foundation of the terminal anchor of the pen-stocks, and to the disturbances of the ground adjoining the power house which became manifest during the monsoon last yaar, and which have been fully adverted to in the proceedings of this House. As, at the time when the machinery was being installed in the power house, some cracks developed in the building, it was not considered safe to instal the heavy machinery, etc., in

LIBRARY ARCHIVES Kerala Legislative Assembly

[Rao Bahadur A. Rengaswami Aiyar.]

the existing building. A fresh site has accordingly been chosen and it is hoped to complete the levelling of site and excavation of foundation for the new power house before the close of the year. All civil works connected with the Project have been placed under the control of the Chief Engineer. The Electrical works continue to be under the control of the Chief Engineer for electricity.

It has also been decided that the supply of power should be extended as far as Quilon in order that several industries already in existence and those that are likely to arise in that place may get the benefit of cheap power.

The total estimate for the electrical portion of the works now is Rs 79 lakhs including provision for the extension to Quilon, for the distribution of power in many rural lines and in some of the important towns and municipalities and also for the necessary telephone lines in connection with the whole scheme.

It is proposed to appoint a Commercial Engineer for carrying on intensive propaganda at this stage to canvass consumers for the use of electric energy in the various parts of the State and to give the public all the necessary data to enable them to go in for electrical power for their industrial and agricultural requirements. It is proposed to appoint Mr. K. P. P. Menon, Electrical Engineer as the Commercial Engineer also and to appoint an additional Executive Engineer to be in charge of the construction of the Hydro-Electric Scheme with headquarters at Kothamangalam.

The budget of the next year provides for a sum of Rs 25·69 lakhs for electrical works of the scheme and Rs 10·64 lakhs for civil works including the construction of division weir, intake, tunnel, forebay, high pressure pipe line, power house equipment, workshops and electrification of buildings. The total probable expenditure on the Scheme to end of 1113 will amount to Rs 116 lakhs, and a further sum of about Rs 20 lakhs will probably be required to complete the scheme. The total cost of the scheme will thus amount approximately to Rs 136 lakhs as far as can be estimated at present.

It is hoped that all the works will be expedited and the scheme brought into operation by the end of next year.

47. *Trivandrum Electric Supply and Telephone Schemes.*—The total cost of the above schemes is expected to stand at Rs 12·39 lakhs at the close of the next year. The net revenue from the schemes during 1113 is estimated at Rs ·45 of a lakh after payment of interest charges at 5 per cent. per annum and depreciation. This amount is credited to a Reserve Fund under Debt Heads.

48. *Quilon Electric Supply.*—The capital outlay on this undertaking at the end of 1113 is anticipated to amount to Rs 2·96 lakhs. The expected net receipts at the close of the year will be barely sufficient to meet the interest and depreciation charges.

The Depreciation and Reserve Funds opened in respect of the above undertakings are expected to amount to Rs 4·59 and Rs 1·32 lakhs respectively.

LIBRARY ARCHIVES Kerala Legislative Assembly

49. *Trunk Telephone Scheme.*—No work in connection with the scheme has been carried out during the current year. As the whole question is still under consideration between this Government and the Government of India, it is expected that the scheme will be taken up early next year when a satisfactory agreement between the two Governments is also expected to be reached. A provision of Rupees half a lakh has been made for the scheme during 1113.

50. *Broadcasting Scheme.*—Government have under consideration the installation of a broadcasting station for serving the whole State including rural areas and a provision of Rs 1·50 lakhs has been made in the next year's budget. Although not expected to be fully remunerative, the scheme is expected to pay a portion of the working expenses. Details have, however, not been worked out.

51. *Clay Refining and Porcelain Factory.*—The work relating to this scheme was started during the year. An expenditure of Rs 1·57 lakhs to the end of the year is expected to be incurred. The scheme consists of :—

(i) The refining and exporting of china clay which is largely used in the textile mill areas.

(ii) Utilising the second quality of clay for the manufacture of porcelain goods, such as high and low tension insulators, drainage pipes, sanitary wares and stone wares as pickle jars, etc.

The factory will be located at Kundara in view of the proximity of raw materials, cheapness of labour and transport facilities available in that place. For refining china clay, a washing plant is already under construction. All the machinery for the purpose have already arrived and it is hoped that the construction of the washing plant will be finished by the end of this year. The construction of the main factory buildings has been entrusted to the P. W. D. A provision of Rs 2·25 lakhs has been made in the budget estimates for next year. The Ceramic Expert expects that the scheme will bring in at least a net profit of 15 per cent. As a matter of fact, there are several offers to purchase the total output of refined china clay.

52. *Commercial Transport.*—As indicated in the Dewan's address to the Joint Session of the Assembly and Council already referred to, Government have decided to take over themselves the running of the bus traffic between Trivandrum and Cape Comorin as preliminary to a more general scheme. It is proposed to buy 50 buses fitted with Diesel Engines and 10 lorries for the present and to entrust the management to an Expert who will be engaged for a term. All his superior and subordinate staff will be recruited in Travancore. The chassis will be obtained in Europe and the bodies, with the exception of a few samples, will be built here of local timber. A return of at least 7½ per cent is expected from this concern. A lump sum provision of Rs 5 lakhs has been made under Capital for this purpose.

LIBRARY ARCHIVES Kerala Legislative Assembly

[Rao Bahadur A. Rengaswamy Aiyar.]

As this proposal is based on the analogy of the system now in force in Hyderabad, it may interest the Legislature to have an idea of the results of the working of this system in that State. The Government Bus Service was started in Hyderabad with 27 buses operating over 284 route miles in June 1932 and by the end of March 1937 it is expected to operate 4,000 route miles with 367 vehicles. I append below a statement showing the capital outlay and the financial results for the years 1933 to 1937 :—

Year ended.	No. of buses.	Capital outlay.	Route miles.	Net return on capital.
		Lakhs.		Per cent.
March 1933 ...	27	4·19	284	8·56
March 1934 ...	50	7·47	595	10·00
March 1935 ...	89	15·63	1232	10·00
March 1936 ...	122	22·51	1354	10·70
March 1937 ...	367	50·00	4000	10·00

It will be seen from the above statement that within 9 months of its commencement, a return of 8·56 per cent was obtained and during the next and succeeding years, the service yielded a net return of not less than 10 per cent.

Diesel Engines were introduced later and it is expected that in 1936-37 all the engines would be converted into Diesels, and after the conversion, a higher percentage of return is also expected. The above return was net, after taking into account the taxes which the Road Transport Department there pays exactly in the same way as private owners' vehicles, such as fees for annual registration etc., and also adequate allowances for depreciation. The staff of the displaced private buses have been absorbed, and many of the vehicles previously employed on the private bus service have been taken over at a suitable valuation without including a compensatory element. Uniform fare of 5·14 pies (British) per passenger per mile is charged throughout the whole service including the suburban and district services, the idea being to make the "fat routes" pay for "lean routes" also. Out-agencies have been established in a number of places for the through booking of goods and parcels.

As traffic in this State is heavier than that in Hyderabad, it may be confidently expected that the introduction of the system of Government monopoly of the bus traffic in our State will, while not involving any additional burden to the travelling public, be of considerable help to the finances of the State and also result in the efficiency of the service, and greater convenience to the public.

53. *Rubber Factory, Travancore.*—In pursuance of the policy of Government referred to already, Government decided to withdraw from the management of the Rubber Factory and arrange for its being run

LIBRARY ARCHIVES Kerala Legislative Assembly

as a joint stock concern. A company under the name of "The Travancore Cables and Rubbers Limited" recently floated has taken up the management of the factory from 12th Makaram 1112. The lease is for a period of 10 years in the first instance. The lessee will pay Government 4 per cent. interest on the capital invested by Government in the concern in addition to 2½ per cent on the actual cost of the buildings and 3 per cent on the actual cost of machinery towards depreciation.

The formal agreement with the company is awaiting execution. Meanwhile, the question of the sale of the factory and its assets to the company is under consideration.

54. *Sugar Factory, Thuckalai.*—With a view to put an end to the unsatisfactory condition of the Sugar Factory which has been incurring losses and paying no dividend for several years to Government and the shareholders, Government in pursuance of their general policy, purchased the rights of all the shareholders and of the Managing Agents of the factory for a sum of Bh. Rs 80,000. Provision has been made for the payment in the revised estimates of this year under "Debt Heads". A company under the name of "The Travancore Sugars and Chemicals Ltd." has been floated for the purpose of taking over the Sugar Factory, Thuckalai, and also the Nagercoil Distillery and the Government Tincture Factory Trivandrum, which are in a position to utilise the bye-products of the first named undertaking. Government have entered into an agreement with Sir William Wright of Messrs Parry & Co., Ltd., Madras, who will be the Secretaries and Treasurers of the company, agreeing to sell to the Company the Sugar Factory, lands and buildings at Thuckalai, the Government Distillery, lands and buildings at Nagercoil, and the Government Tincture Factory at Trivandrum for the following amounts :—

		Bh. Rs.
Thuckalai Sugar Factory	...	3,25,000
Nagercoil Distillery	...	1,90,000
Tincture Factory	...	7,000

Government are to receive 20 per cent. of the net profits of the company subject to a maximum of Bh. Rs. 40,000 per annum.

The sum of Rs. 1·58 lakhs representing the difference between the amount invested in the Sugar Factory and the sale proceeds referred to above will be written off as Capital loss on investment in the Sugar Factory and provision has been made in the budget estimates for the next year for this under Capital. The sale proceeds of the Nagercoil Distillery and the Government Tincture Factory amounting to Bh. Rs. 1·97 lakhs are shown as Capital receipts in the Capital section of the estimates.

55. *Cochin Harbour.*—The revised agreement referred to in para 11 of my budget speech for the last year in regard to the Cochin Harbour Works between the Government of India, this Government and the Cochin Government, has not yet been formally completed. The

LIBRARY ARCHIVES Kerala Legislative Assembly

[Rao Bahadur A. Rengaswamy Aiyar.]

arrangements have, however, been given effect to with effect from 1st April 1936. Accordingly, a credit of Bh. Rs. 16½ lakhs has been taken under receipts on the Cochin Harbour Scheme in the budget estimates for 1113. A sum of Bh. Rs. 6·84 lakhs due from the British Government representing the refund by them of the import duty on foreign tobacco which had been pooled during the years 1931-32 to 1934-35 for the purpose of the tripartite division under the agreement of 1925, has been refunded by the Government of India during the year. Two instalments amounting to Bh. Rs 1·47 lakhs due from Cochin towards the refund of their portion of the duty on tobacco have been taken credit for in the estimates of the next year.

Provision has been made under Advances in the estimates of next year for the contribution by this Government on account of the fourth stage works of the Cochin Harbour and for the purchase of a new Dredger.

STATE LIFE INSURANCE—PUBLIC BRANCH.

56. The State Life Insurance—Public Branch, introduced with effect from 1st Meenam 1109, with a view to afford facilities in the matter of insurance to the subjects of the State for making provision for themselves in their old age and also for their families, is working very successfully. 4,040 proposals for over Rs. 37½ lakhs were received during the short period of 3 years and 3 months and policies in respect of 2,810 proposals assuring over Rs. 25 lakhs have been issued. For 1113, the receipts are expected to be Rs. 1·30 lakhs and the expenditure Rs·20 of a lakh, the expense ratio being nearly 15 per cent. only.

STATE PROVIDENT FUND.

57. The State Provident Fund Scheme started in 1107 with a view to enable Government servants to make some provision for themselves in their old age, or for their families in case of their premature demise, has continued to work very satisfactorily during the year. The number of subscribers has risen to 9,639 during 1112 and the fund is expected to have a closing balance of Rs 7·26 lakhs at the end of 1112 and Rs. 9·76 lakhs at the end of 1113.

In view of the fact that the Government of India have reduced the rate of interest allowed on the Provident Fund Deposits in British India to 4 per cent. and that the rate of interest is only 3½ per cent. for our last loan, and 3 per cent. on Savings Bank Deposits, it is proposed to reduce the rate of interest on State Provident Fund from 5 per cent. to 4 per cent. after giving the usual notice of six months.

ASSETS AND LIABILITIES.

58. I furnish on pages 11 and 12 of the budget estimates the usual statement of assets and liabilities. The Government balance at the end of the next year is estimated to amount to Rs. 115·62 lakhs including the General Reserve Fund of Rs. 60·55 lakhs and the Sinking Fund Reserve of Rs. 14·75 lakhs. This includes, however, the sum of

LIBRARY ARCHIVES Kerala Legislative Assembly